

Swedish waste firm makes comeback – in China

Written by Johan Nylander

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From left: Willy Heyman (CEO, Sweden), Zhou Zong Yuan (CEO, China), Tiger Wu (Chairman, China), Hong Salomonsson (Sweden-China Business Center), Uno Eriksson (Chairman, Sweden)

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It's not only energy sources that can be renewable; companies can also be brought back to life and recycled. A Swedish greentech company, that was kicked out from the Stockholm stock exchange ten years ago, is now making a comeback – in China.

Swedish-Chinese joint venture reCulture Renewable Energy Co Ltd, part-owned by Swedish reCulture AB, has sizeable plans. The company aims to set up 20 renewable energy fuel production plants and bio-mass generation plants in China within five to ten years.

The joint venture also plans a 10 billion yuan (10 billion kronor, 1.4 billion dollars) initial public offering in Shanghai or Hong Kong.

"We are planning to go public in five or six years", the company's Chairman Dr Tiger Wu told The Swedish Wire in an exclusive interview in Stockholm. "First we will put up the demo plant and show that our business works".

Waste is a money-spinning business. No other country in the world has ever experienced such an increase in the amount of household-generated waste than China has over the last 15 years. The amount of waste has grown to 200 million tonnes of waste a year and is expected to swell by almost 10 percent annually. This makes waste management a key industry in China's booming demand for green innovations and energy efficiency.

Waste renewable is also better paid business than many other green energy sources. The

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companies normally enjoy three main sources of revenue. First, they get paid for taking care of the waste. Secondly, they sell the energy. Third, they sell separated waste that can be reused in other industries, such as metals.

“Wind power would probably not survive without government subsidies. We would”, Willy Heyman, chief executive officer of reCulture AB, told The Swedish Wire.

At the moment reCulture is building its first demo plant in Xiamen, a coastal city in southeastern China. Total investments will amount to 850 million yuan. The firm dug the first sod in September of last year.

All key equipment needed for the first phase will be imported from Sweden. These investments, including power generation equipment, will amount to about 300 million yuan. The project involves a number of Swedish cleantech companies and consultants, such as ATEK, R. Sjöstrand AB, Cellwood and Noss.

In the planned IPO the owners will sell 40 percent of the joint venture for 10 billion yuan, Tiger Wu said. The money will be used to build 10 to 20 waste renewable plants within 5 to 10 years. In five years time the company is predicted to have an annual revenue of 800 million yuan.

“This waste process will be very successful. Our process is very advanced and demand is booming in China”, Tiger Wu said, adding that the Chinese government is paying more and more attention to sustainability.

All the planned energy fuel production plants will require investments of 5-10 billion yuan in the period of 5-10 years, according to the company. The total installed capacity will reach 600-800MW.



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Signing of contracts in China

The patented technology – owned by the Swedes – makes it possible to recover more than 90 percent of waste. The key behind the technology is separating of waste; it only uses material that is efficient to burn which creates a clean and resourceful fuel.

“We are providing the boiler with optimum burning conditions in order to get out maximum energy”, said Uno Eriksson, Chairman of the Swedish company, explaining that its competitors sometimes have difficulties keeping the fire burning without adding oil or coal because it’s material is burdened with water and noncombustible elements.

reCulture AB was originally set up in 1986. In 1998 the company was floated on the SBI list (now named the NGM list) in Stockholm and reached a top value of 100 million kronor (\$14 million). Two years later, in October 2000, financial problems and cut state subsidies forced the firm into bankruptcy.

One year later a group of businessmen bought the company – and more importantly, its patents. All patents today belong to reCulture AB and the Chinese joint venture pays for the right to use them in the Chinese market.

The Swedes are now looking for new markets to expand their business.

“We are working all over the world. We aim to find new customers in new countries”, said Willy Heyman.

Do you have any plans to float reCulture in Stockholm again?

“Maybe in the future, yes. There are a number of criteria that have to be fulfilled first, and we are not there yet”, said Willy Heyman.